

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AUTHORITY TO EXECUTE ITS NOTE)
TO THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION)
IN THE AMOUNT OF \$719,588 AND FOR) CASE NO. 89-025
AUTHORITY TO EXECUTE A LOAN)
AGREEMENT BETWEEN BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION)
FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY)

INTERIM ORDER

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy RECC") filed its application on February 3, 1989 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, and for approval to borrow \$719,588 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute a loan agreement with CFC.

In support of its application, Big Sandy RECC filed its 1989-1990 Work Plan, which describes in detail the improvements and additions to plant that are required over 2 years to serve its load. These improvements are estimated to cost \$2,326,750 and are anticipated to be financed by loans of \$1,629,000 from the Rural Electrification Administration ("REA") and of \$719,588 from CFC. However, up to this date neither lender has approved Big Sandy RECC's loans.

Big Sandy RECC seeks authorization to construct extensions and additions to its plant as follows:

1.	Conversion, tie lines and line changes	\$ 685,900
2.	Voltage Regulators	24,000
3.	Sectionalizing Devices	23,000
4.	New Member Extensions	1,042,100
5.	Increased Service Capacity	48,000
6.	Security Lights	87,500
7.	Ordinary Replacements	<u>416,250</u>
	TOTAL	\$2,326,750

Based on the evidence of record and being advised, the Commission is of the opinion and hereby finds that the system improvements proposed by Big Sandy RECC will not duplicate existing facilities and are needed to provide adequate and dependable electric service to existing and expected customers. Public convenience and necessity require the construction of the improvements and additions described in Big Sandy RECC's 1989-1990 Work Plan. Therefore, a certificate to construct these facilities should be granted to Big Sandy RECC.

The Commission further finds that it is unable to dispose of Big Sandy RECC's application for approval of financing with CFC until the amount of the financing and other relevant terms are known. Therefore, the financing application should be held in abeyance until CFC and REA have granted approval of the loans to Big Sandy RECC. Upon receipt of these loan approvals, Big Sandy

RECC should file copies with the Commission along with any updates needed to ensure that its application and responses to the February 24, 1989 information request are still true and correct. The financing application will then be reviewed and disposed of by the Commission.

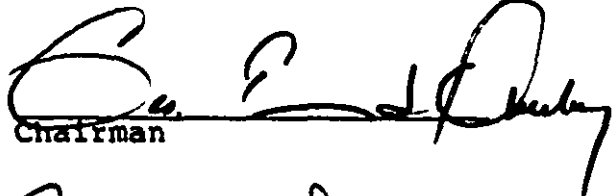
IT IS THEREFORE ORDERED that:

1. Big Sandy RECC be and it hereby is granted a Certificate of Public Convenience and Necessity to construct the facilities set forth in its 1989-1990 Work Plan.

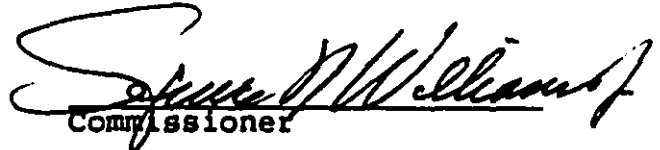
2. Big Sandy RECC's application for authority to borrow funds from CFC be and it hereby is continued until such time as Big Sandy RECC has filed copies of the requisite loan approvals and necessary updates to its application and responses to the information request, as fully set forth in the above findings.

Done at Frankfort, Kentucky, this 11th day of April, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director